

**State of Rhode Island Office of the Health Insurance Commissioner  
Health Insurance Advisory Council  
Meeting Minutes  
May 15, 2012, 4:30 P.M. to 6:00 P.M.  
State of Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888-1046**

**Attendance**

**Members**

William Martin (Co-Chair), Christopher Koller (Co-Chair), Hub Brennan, Howard Dulude, Karen Fifer Ferry, Herb Gray, Linda Lulli, Pat Mattingly, Tim Melia, Phil Papoojian, Ed Quinlan, Bill Schmiedeknecht

**Issuers**

Lauren Conway, Edward Hanley, Gus Mannochia, Craig O'Connor, Patrick Ross

**State of Rhode Island Office of the Health Insurance Commissioner Staff**

Maria Casale, Kim Paull, Patrick Tigue

**Not in Attendance**

Gregory Allen, Al Kurose, Peter Quattromani, Jack Spears, Jeffrey Swallow

**Minutes**

**1. Introduction and Welcome**

Mr. Martin and Commissioner Koller called the meeting to order and welcomed all Health Insurance Advisory Council (HIAC) members and others in attendance.

**2. Review of Minutes**

The minutes from the May 15, 2012 HIAC meeting were reviewed and approved.

**3. Office Updates**

Commissioner Koller noted that currently his office has been focused on developing coordination plans with the Rhode Island Health Benefits Exchange as well as on the 2012 small and large employer group rate factor review process.

#### 4. New Business

The council reviewed draft medical expense trend target recommendations and heard from providers about their reactions to the target.

- **Review of Draft Medical Expense Trend Target Recommendations:** Michael Bailit presented draft recommendations intended to represent the council's current thinking to date. Mr. Martin emphasized after the conclusion of Mr. Bailit's presentation that the council should continue to be comfortable with moving toward recommending the implementation of a target given that an administrative rate hearing is likely to be the consequence for filing above the target. Specifically, Mr. Martin noted that setting a rigorous target and dealing with adjustments through the hearing process would be entirely appropriate.
- **Provider Reaction to Medical Expense Trend Target:** Mr. Keefe responded first for Care New England, followed by Mr. Montella for Lifespan, Dr. Rice for University Medicine and Mr. Souza for the Hospital Association of Rhode Island (HARI).
  - **Care New England:** Mr. Keefe noted that he supported a target in concept and in practice in Massachusetts and he supports one in Rhode Island as well. He noted that creating a sound technical methodology for any target is essential and recommended to the council that it should be developed through a consensus process.
  - **Lifespan:** Mr. Montella noted that Lifespan absolutely agrees that affordability is an issue that must be addressed. However, he cautioned that bad decisions can be made when done at the point of frustration. He questioned whether—in the absence of comprehensive state health reform to address the access issue—a target is workable in Rhode Island. Mr. Montella cautioned the council against moving too quickly on this issue and asked the council to consider the potential negative economic impact of reducing health care costs.
  - **University Medicine:** Dr. Rice noted that structural change to the health care delivery system is necessary to change the inflationary incentives offered by the fee-for-service system. He also emphasized that a target is a rather blunt instrument in policy terms. Finally, he questioned whether, even in the absence of a target, we are already seeing rising health care costs abating due to voluntary efforts by issues and providers working together.
  - **HARI:** Mr. Souza noted that hospitals are often underpaid in that they must provide extensive uncompensated care that results in significant bad debt for institutions. He cautioned the council against moving forward with a target because of the potential financial strain it would place on struggling hospitals and the negative disruption it could cause to the current health care system.

Mr. Martin thanked all four provider representatives for their comments.

## 5. Other Business

Other business was then taken up by the council.

- **Hospital Contracting Conditions Standard Public Input Meeting:** Commissioner Koller reminded the council that a public input meet on the office's hospital contracting condition standard would be held on May 17, 2012 from 4:30 P.M. to 6:00 P.M. at the State of Rhode Island Department of Labor and Training, located at 1511 Pontiac Avenue, Building 73-1 in Cranston. He encouraged members of the public to attend and offer comment.
- **2012 Rate Review Public Input Meeting:** Commissioner Koller noted that the date for a public input meeting as part of the 2012 rate review process would be soon be announced by the office and encouraged members of the public to attend and offer comment.
- **Public Comments:** Public comments were then solicited by the council. No comments were offered.

The council then continued with the meeting.

## 6. Next Meeting

Mr. Martin closed by noting that the council's next meeting will take place on June 19, 2012 from 4:30 P.M. to 6:00 P.M. at the State of Rhode Island Department of Labor and Training, located at 1511 Pontiac Avenue, Building 73-1 in Cranston. He thanked everyone for their attendance and the meeting was then adjourned by Mr. Martin and Commissioner Koller.